



Budget Review Commission
MARKED AGENDA

5:00 p.m., Thursday, April 22, 2010
City Hall Kiva Forum, 3939 N. Drinkwater Blvd., Scottsdale, AZ 85251

CALL TO ORDER / ROLL CALL

MEETING CALLED TO ORDER AT 5:01 P.M. WITH ALL MEMBERS PRESENT

1. Approval of Minutes – April 15, 2010

COMMISSIONER ECTON MOVED TO APPROVE THE APRIL 15, 2010 BUDGET REVIEW COMMISSION MINUTES AS AMENDED. SECONDED BY COMMISSIONER BERLESE, THE MOTION CARRIED UNANIMOUSLY WITH A VOTE OF SEVEN (7) TO ZERO (0).

2. Public Comment

MARGARET DUNN SPOKE.

3. Presentation, discussion and approval of March 2010 Financial Report

DAVID SMITH PRESENTED, DISCUSSION, NO ACTION.

4. Staff presentation and discussion of the City's Proposed Fiscal Year 2010/11 Operating Budget, including but not limited to the following division budgets.

A. City Treasurer – Finance and Accounting – David Smith, Interim City Treasurer (p. 30)

DAVID SMITH PRESENTED, DISCUSSION, NO ACTION.

5. Discussion and possible action on recommendations to the City Council regarding the City's operating budget; capital budget; revenue forecast, taxes and fees; and financial policies, including but not limited to the following issues.

A. OPERATING BUDGET

1. UNANIMOUSLY SUPPORT CHANGES TO THE TRANSPORTATION FUND THAT WERE PROVIDED BY STAFF, WITH THE PROVISION THAT IN SIX MONTHS THE BUDGET REVIEW COMMISSION WOULD REVISIT THE ISSUE BASED ON THE INPUT OF THE TRANSPORTATION COMMISSION.

A. RECOMMEND LIMITING REDUCTIONS TO TRANSIT TO APPROXIMATELY \$1.4 MILLION, COMPARABLE TO THE LOTTERY FUND SWEEP BY THE STATE OF ARIZONA, WITH REDUCTIONS TO BE IDENTIFIED THROUGH PUBLIC HEARING PROCESS BY TRANSPORTATION COMMISSION, AND CHANGING THE SPLIT OF .20 DEDICATED SALES TAX TO 60% OPERATING, 40% CAPITAL TO MAKE ADDITIONAL FUNDING (UP TO \$1.6 M) AVAILABLE FOR TRANSIT SERVICES WITH THE CAVEAT THAT THE INCREASE IN OPERATIONS FUNDING WILL NOT BE USED TO COVER PERSONNEL EXPENSES.

- B. RECOMMEND REDUCING REQUIRED BUDGET FOR STREET MAINTENANCE BY UP TO \$2.9 M WHILE MAINTAINING A PAVEMENT CONDITION INDEX OF ≥ 80 . UNSPENT ARRA (FEDERAL STIMULUS) FUNDING OR INCREASES IN HURF TAX COLLECTIONS COULD PARTIALLY OFFSET THIS REDUCTION.**
- 2. UNANIMOUSLY SUPPORT ELIMINATING 2 FTES AND HOLDING VACANT 3.5 FTES AND MAKING FURTHER REDUCTIONS TO EMPLOYEE-RELATED COSTS, FURTHER REDUCING BUDGETS FOR CONTRACTED SERVICES, PRINTING, MAILING, SUPPLIES AND TRAINING FOR A TOTAL OF \$1.6 M.**
 - 3. UNANIMOUSLY SUPPORT IMPLEMENTING FURTHER WATER CONSERVATION MEASURES IN THE AMOUNT OF \$.7 M TO HELP OFFSET PHASED ELIMINATION OF THE IN-LIEU TAX.**
 - 4. UNANIMOUSLY SUPPORT THE ONE-TIME STRATEGY OF TRANSFERRING EXCESS HEALTH CARE TRUST FUND RESERVES BACK TO GENERAL FUND \$3.2 M (\$.8 M TO OTHER FUNDS) AND EMPLOYEES.**
 - 5. UNANIMOUSLY SUPPORT THE ONE-TIME STRATEGY OF APPLYING BEGINNING UNRESERVED FUND BALANCE (PRIOR YEAR SURPLUSES) AS A SOURCE IN THE AMOUNT OF \$4.2 M.**
 - 6. UNANIMOUSLY SUPPORT THE ONE-TIME STRATEGY OF MAINTAINING THE CONTINGENCY RESERVE AT A LEVEL CONSISTENT WITH THE HISTORIC AVERAGE USES OF \$2.5 M.**
 - 7. UNANIMOUSLY RECOMMEND WORKING WITH THE SCOTTSDALE UNIFIED SCHOOL DISTRICT TO CHANGE THE SPLIT OF FUNDING OF SCHOOL RESOURCE OFFICERS FROM 77%/23% TO NO LESS THAN 50%/50% SUSD/CITY RESULTING IN A POSSIBLE DECREASE IN GENERAL FUND REVENUES OF \$187,764.**
 - 8. UNANIMOUSLY RECOMMEND INCLUDING THE PUBLIC SAFETY HEADQUARTERS AND PUBLIC SAFETY RADIO CERTIFICATE OF PARTICIPATION FINANCED PROJECTS IN BOND 2010 TO PROVIDE A LONG-TERM SOURCE FOR THESE PROJECTS OTHER THAN GENERAL FUNDS.**
 - 9. IN THE MAJORITY (MARTHA ECTON DISSENTING) RECOMMEND ASKING THE COUNCIL TO REFER TO THE VOTERS THE QUESTION OF ALLOWING A PORTION OF THE PRESERVE TAXES TO BE USED TO FUND OPERATIONS AND MAINTENANCE OF THE MCDOWELL SONORAN PRESERVE, THE TIME FRAME OF THE TAX TO BE EXTENDED, AND THE OPERATIONS OF THE DESERT DISCOVERY CENTER TO BE INCLUDED IN THE DISCUSSION.**
 - 10. UNANIMOUSLY RECOMMEND THAT THE ACTING CITY MANAGER AND INTERIM CITY TREASURER BEGIN WORK IMMEDIATELY TO CLOSE THE ESTIMATED SHORTFALL IN THE FY 2011/12 AND TO BRING FORTH EXPENDITURE REDUCTIONS THROUGHOUT THE YEAR.**

B. CAPITAL BUDGET

11. FOR FY 2010/11, UNANIMOUSLY SUPPORT NO NEW PROJECTS IN THE CIP UNLESS THEY HAVE REVENUE SOURCES, OR THERE ARE EMERGENCY OR SAFETY ISSUES.
12. UNANIMOUSLY SUPPORT CLOSING ANNUAL CIP PROJECTS AND OLD YXXXX CENTERS AND COMPLETED PROJECTS WITH UNSPENT BALANCES TOTALING \$1.7 M.
13. UNANIMOUSLY SUPPORT MOVING OPERATING PROJECTS WITH NON-CAPITAL REQUIREMENTS TO THE OPERATING FUND TOTALING \$3.8 M IN GENERAL/TRANSPORTATION FUNDS TO COMPLY WITH ACCOUNTING STANDARDS.
14. UNANIMOUSLY SUPPORT CONSIDERING AS PART OF THE FY 11/12 BUDGET BALANCING STRATEGIES SUSPENDING OR MODIFYING THE REQUIREMENT TO "EXPEND AN AMOUNT EQUAL TO ONE PERCENT OF THE CITY COUNCIL APPROVED BUDGET FOR EACH CAPITAL IMPROVEMENT PROJECT FOR THE COMMISSION AND ACQUISITION OF PUBLIC ART," AND TO COORDINATE THAT DISCUSSION WITH THE SCOTTSDALE PUBLIC ART BOARD.

C. REVENUE FORECAST, RATES, AND FEES

15. UNANIMOUSLY SUPPORT 2.5% INCREASE IN WATER RATES, 3.0% INCREASE IN SEWER RATES, AND NO INCREASE IN SOLID WASTE RATES, INCLUDING A 5% DECREASE IN MONTHLY BASE WATER FEE, NOTING THIS IS AN AVERAGE TOTAL INCREASE OF 2.1% OR \$1.65 A MONTH TO A TYPICAL RESIDENTIAL UTILITY BILL.
16. UNANIMOUSLY SUPPORT THE FORECAST ASSUMPTIONS INCLUDING A 2% INCREASE IN SALES TAX REVENUES.

D. FINANCIAL POLICIES

17. UNANIMOUSLY SUPPORT NO CHANGES AT THIS TIME TO THE FINANCIAL POLICIES, AND SCHEDULE A COMPREHENSIVE REVIEW BY THE COMMISSION OF ALL FINANCIAL POLICIES IN THE FALL, AS RECOMMENDED BY THE INTERIM CITY TREASURER.

E. OTHER RECOMMENDATIONS

18. UNANIMOUSLY RECOMMEND THAT STAFF RELEASE NEXT YEAR'S PROPOSED BUDGET ON MARCH 1, 2011 TO ALLOW AN ADDITIONAL MONTH FOR REVIEW BY THE COMMISSION.
19. UNANIMOUSLY RECOMMEND STAFF INCLUDE IN THE 2011/12 PROPOSED BUDGET THE FOLLOWING INFORMATION: PERFORMANCE MEASURES, INCLUDING WORKLOAD INDICATORS, FOR EACH DIVISION, AND ORGANIZATION CHARTS FOR DIVISIONS THAT SHOW STAFFING LEVELS AND REPORTING RELATIONSHIPS.

6. Discussion and possible action on agenda and meeting time/date for next meeting

NEXT MEETING WILL BE THURSDAY, MAY 27, 2010.

ADJOURNMENT – 7:50 P.M.